

REVISED

STATEMENT OF PURPOSE

RS27398 / H0351

This legislation reduces net reimbursements to hospitals and nursing facilities in SFY 2020 and SFY 2021 to help achieve the Medicaid general fund needs of a 1% overall reduction in SFY 2020 and a 2% reduction in SFY 2021. It directs the Department of Health and Welfare to work collaborative with hospital and nursing facility providers to update reimbursement methods. For hospitals it involves a statewide move to value-based payment and the establishment of a quality payment program. For both hospitals and nursing facilities, the legislation will move Medicaid payment methods away from cost-based reimbursement to allow better control of Medicaid expenditures as well as incentivize and promote quality care and better health outcomes.

FISCAL NOTE

This legislation is expected to reduce general fund needs by approximately \$4.9 million in SFY 2020 and by approximately \$13.7 million in SFY 2021, as incorporated in the governor's budget recommendation. To support providers through these reductions, the legislation would require additional dedicated fund spending authority for assessment increases, by [approximately \\$2.3 million in SFY 2020 and \\$15.2 million in SFY 2021](#), along with additional federal spending authority for approximately [\\$5.5 million in SFY 2020 and \\$15.4 million in SFY 2021](#). These authorities would be addressed through a trailer bill.

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DISCLAIMER: This statement of purpose and fiscal note are a mere attachment to this bill and prepared by a proponent of the bill. It is neither intended as an expression of legislative intent nor intended for any use outside of the legislative process, including judicial review (Joint Rule 18).